Appl. No.: 09/495,898.
Response Dated: October 11, 2005
Reply to Office Action of July 25, 2005

EXPEDITED PROCEDURE
UNDER 37 CFR 1.116
GROUP ART UNIT 3621

REMARKS

The application has been thoroughly reviewed in light of the July 25, 2005 Office Action. Claims 1, 2, 4, 6-8, 10, 12, 14-17, 20-24, 26-30 and 35 are pending. Claims 1, 14, 17, 30 and 35 are independent. Claims 3, 5, 9, 11, 13, 18, 19, 25 and 31-34 were previously canceled without prejudice and/or disclaimer of subject matter. Each of the issues raised in the outstanding Office Action are addressed below.

Prior Art Rejections

The pending claims stand rejected under either §102, over <u>Pare, Jr. et al.</u>, or under §103, over <u>Pare, Jr. et al.</u> in view of <u>Katseff et al.</u> The Examiner has essentially maintained the same rejections for the same reasons as stated in the December 30, 2004 Action. However, the Examiner has provided comments as to why Applicant's arguments provided in the Response dated April 29, 2005, are not persuasive. Applicant respectfully traverses the maintained prior art rejections and submits that the claimed invention is patentable over the cited art for the following reasons.

<u>Claims 1, 17 and 30</u>

Applicant provided arguments in his April 29, 2005 response, that <u>Pare, Jr. et al.</u> did not disclose, teach or suggest a method of transacting processing, which includes operating a wireless transaction terminal in one of two modes: a first mode where communication of transaction information with a first server is delayed, and in a second mode, where the communication of transaction information is not delayed. On page 2 of the outstanding Action, however, the Examiner alleges that column 38, lines 40-63 of <u>Pare, Jr. et al.</u> discloses the above recited feature. These passages state:

- 8 -

"The SNM's secondary function is to inform other DPCs of the updated sequence numbers. Quickly updating sequence numbers at all DPC sites thwarts resubmission attacks wherein a malicious entity monitors packets destined for one DPC site and immediately sends a copy to a different DPC site in the hope of exploiting the transmission delay of sequence number updates from one DPC site to another resulting in both sites accepting the packet as valid, when only the first site should accept the packet.

The SNMs send update messages to each other whenever they receive a valid sequence number. If an SNM receives an update message for a sequence number that is less than or equal to the sequence number currently stored in its hash table, that SNM logs a sequence number resubmission warning. All resubmission attacks are detected in this manner.

A simpler way to thwart resubmission attacks completely, is to have only one SNM validate packets. Under this scheme, there is no update transmission delay window to exploit with a resubmission attack. Alternately, multiple SNMs can be active at the same time provided none of them handle sequence number validation for the same BIA-equipped device."

These passages are not found at the stated location, but it appears that the Examiner was referring instead to column 48, lines 40-63. Nevertheless, with regard to these passages, Applicant does not understand how the above-noted statements disclose, teach or suggest operating a wireless *transaction terminal* (i.e., a point-of-sale terminal) in a first mode, where during a transaction (that is, a purchase of goods or services), communication of transaction information (e.g., credit card data) with a first server is delayed (e.g., credit card data is not communicated immediately to a first server after a card swipe) and alternately operating the transaction terminal in a second mode, wherein communication of the transaction information with the first server is not delayed (e.g., credit card data is transmitted immediately after a card swipe). See specification, page 12, lines 3-27.

In Pare, Jr. et al., an SNM, or Sequence Number Module, handles a DUKPT

-9-

sequence number, for encryption purposes:

> "The BIA uses the DUKPT key management system to select the biometric-PIN block encryption 112-bit DES key from the Future Key Table. This key is then used to encrypt the Biometric-PIN Block using cipher block chaining (CBC). In addition, a response DES key is also generated randomly, and is used by the DPC to encrypt the portions of the response that need to be encrypted."

Pare, Jr. et al., Column 17, lines 28-34. The SNM is part of the DPC (see Fig. 2), which is a remote Date Processing Center for which *retail point-of-sale (POS) terminals communicate with*. A biometric input device (BIA) communicates with the POS terminal via a serial port (see column 10, lines 1-7; Fig. 1). Thus, it appears the process described by the above-noted passages referred to by the Examiner focuses on the aspect of Pare, Jr. et al. of updating data between DPCs regarding to encryption, *not operating POS terminals in one of two modes: a first mode where transaction information communicated to a first server is delayed*; and *a second mode where transaction information communicated to the first server is not delayed*. Applicant invites the Examiner to contact Applicant's representative to point out what portions of the above passages allegedly disclose the claimed features.

Accordingly, Applicant maintains his position that nothing in Pare, Jr. et al., discloses, teaches or suggest the two-mode operative POS terminal invention recited in independent claims 1, 17 and 30. Accordingly, withdrawal of the prior art rejections as to these claims is respectfully requested.

Claim 14

With respect to independent claim 14, the Examiner alleges that Pare, Jr. et al., at col. 11, lines 22-26, disclose the feature of "a server receiving an action remotely from a customer for communicating and application on a wireless transaction terminal". However,

- 10 -

this passage states:

> "Depending on the task at hand, BIA models are either
> partially or fully integrated with the terminal. Partially
> integrated devices are physically separate from the terminal,
> and they include wireless and standard retail point of sale
> BIAs."

The BIA (biometric input apparatus) is a device which is used to transmit biometric information (i.e., a fingerprint) to the POS-Terminal. This passage states that the BIA can be partially or fully integrated with the POS terminal. Again, Applicant does not understand how this passage in any way anticipates or makes obvious Applicant's claimed feature of a customer remotely communicating an action to a server, where the server then communicates the action to the wireless terminal. This claimed feature allows one to, from a remote networked computer, to control a wireless transaction terminal, by communicating an action (e.g., terminal set-up) from the remote computer to a server. The server may then communicate the action to the wireless transaction terminal (see, for example, specification, last full paragraph, page 14).

The Examiner also point to column 42, lines 6-14 for supporting the same proposition:

> "Customer Service tasks
>
> IBD: find, activate, deactivate, remove, correct records,
> change PINs.
> AID: add or remove authorized individuals.
> AOD: find, add, remove, correct records.
> VAD: find, activate, deactivate, remove, correct records.
> RSD: find, add, remove, correct records.
> PFD: add, remove, correct records."

This passage of Pare, Jr., et al. is understood to be directed to DPC customer service tasks, for modifying DPC databases. Nothing in this passage appears to disclose the ability of customer remotely communicating an action with the server so that the server

- 11 -

Appl. No.: 09/495,898   **EXPEDITED PROCEDURE**
Response Dated: October 11, 2005   **UNDER 37 CFR 1.116**
Reply to Office Action of July 25, 2005   **GROUP ART UNIT 3621**

communicates the action to the a wireless transaction terminal. In the claimed invention, actions such as terminal set-up, on-line activation and provisioning can be done remotely from a first computer communicating with a server, which communicates the action to the wireless terminal (*id.*).

Thus, Applicant maintains that claim 14 is distinguished over Pare, Jr. et al. and respectfully requests that this rejection be withdrawn.

Claim 35

With regard to independent claim 35, the Examiner alleges that Pare, Jr. et al., at column 57, line 58, through column 58, line 39, discloses Applicant's claimed feature of providing replies for use in transaction processing to the transaction terminal prior to or during a transaction. This Pare, Jr. et al. passage states:

> "In this case, an RPT communicates with a retail BIA and the DPC to authorize a transaction. The transaction amount is 452.33, the buyer's financial account is 4024-2256-5521-1212 seller identification code is 123456, and the buyer's private code is "I am fully persuaded of it."
>
> RPT.fwdarw.BIA Set Language <English>
> BIA.fwdarw.RPT OK
> RPT.fwdarw.BIA Get Biometric <20>
> BIA/LCD: <Please place finger on lighted panel>
> Buyer places finger on scanner
> BIA.fwdarw.RPT OK
> RPT.fwdarw.BIA Get Pin <40>
> BIA/LCD: <Please enter your PIN, then press <enter>>
> Buyer enters PIN, then <enter>
> BIA.fwdarw.RPT OK
> RPT.fwdarw.BIA Get Account Index Code <40>
> BIA/LCD: <Now enter your account index code, then press <enter>>
> Buyer enters code, then <enter>
> BIA.fwdarw.RPT OK

- 12 -

    RPT.fwdarw.BIA Validate Amount <452.33> <40>
BIA/LCD: <Amount 452.33 OK?>
Buyer enters OK
BIA.fwdarw.RPT OK
RPT.fwdarw.BIA Assign Register <1> <123456>
BIA.fwdarw.RPT OK
RPT.fwdarw.Form Message <Commercial Transaction
Message>
BIA.fwdarw.RPT <Commercial Transaction Message>
BIA.fwdarw.RPT OK
BIA/LCD: <I'm talking to DPC Central>
RPT.fwdarw.DPC <Commercial Transaction Message>
DPC: validate biometric, retrieve financial account
number.fwdarw.4024-2256-5521-1212
DPC.fwdarw.VISA <authorize 4024-2256-5521-1212
452.33 123456>
VISA.fwdarw.DPC <OK 4024-2256-5521-1212 452.33
123456 autho-code>DPC: get private code
DPC.fwdarw.RPT <Transaction Response Message>
RPT.fwdarw.BIA Show Response <Transaction Response
Message> <8>
BIA/LCD: <Transaction ok: I am fully persuaded of it>
BIA.fwdarw.RPT <OK <autho-code>>RPT: prints receipt
with autho-code on it"

Applicant's claimed feature is for providing replies for use in transaction processing to the transaction terminal *prior to __or__ during a transaction*. By prior to, it is meant that the replies are downloaded prior to operating the wireless transaction terminal/conducting a transaction (see specification, page 12, lines 23-27) or supplied by a remote server during the transaction. While one could try to argue that the above-noted passage from Pare, Jr., et al. indicates that the responses are sent from one device to another for display thereon, there is simply no disclosure that the responses are stored on the terminal of Pare, Jr., et al. prior to a transaction occurring. Even assuming this passage inherently discloses/teaches/suggests that the responses are stored on the terminal prior to the transaction, there is no disclosure, teaching or suggestion that __both__ storage of the responses prior to a transaction and responses being sent from device to device for display may be done. Moreover, there is no remaining portion of Pare, Jr. et al. which discloses or would

- 13 -

have taught or suggested to one of skill in the art at the time the invention was made of such functionality (as claimed). As disclosed on page 12, line 20, through page 13, line 16, in one mode of operation, replies may be stored in the transaction terminal to be used in during a transaction, without the server having to send such information, while in a second mode of operation, responses are not stored locally at the POS terminal, but are sent through the network from a server.

Accordingly, Applicant maintains this he has distinguished independent claim 35 from Pare, Jr. et al., and respectfully requests that this rejection be withdrawn

The remaining pending claims, dependent on one or another of the above-noted and distinguished independent claims. Thus, these claims are patentable for the same reasons.

CONCLUSION

In view of the foregoing remarks, Applicant respectfully submits that all issues raised in the July 25, 2005 Office Action have been addressed and request favorable reconsideration of the subject application. Applicant also respectfully requests that all of the prior art rejections issued in the outstanding Office Action be withdrawn and that the subject application be allowed. Applicant submits that the present Response is an earnest attempt to further prosecution on the merits and resolve the issues from the outstanding Final Office Action. Accordingly, Applicant respectfully requests favorable reconsideration and early passage to issue of the present application.

Should the Examiner still be of the opinion that Pare, Jr. et al. discloses, teaches or suggests the claimed invention, Applicant invites the Examiner to call Applicant's below named representative directly to discuss the issues.

No fees are believed due with this response. In the event that it is determined that additional fees are due, however, the Commissioner is hereby authorized to charge the

- 14 -

Appl. No.: 09/495,898   EXPEDITED PROCEDURE
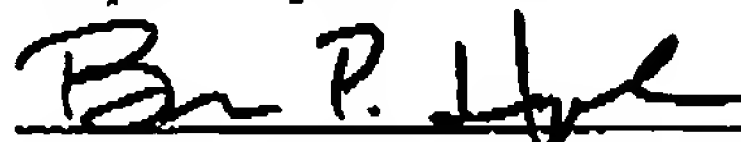Response Dated: October 11, 2005   UNDER 37 CFR 1.116
Reply to Office Action of July 25, 2005   GROUP ART UNIT 3621

undersigned's Deposit Account No. 50-0311, Ref. No. 28589-015 (formerly 21958-015),

Customer No. 35437.

Applicant's undersigned attorney may be reached in our New York office by
telephone at (212) 935-3000. All correspondence should be directed to our New York
office address, which is given below.

                                            Respectfully submitted,

Date: <u>October 11, 2005</u>

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- 15 -